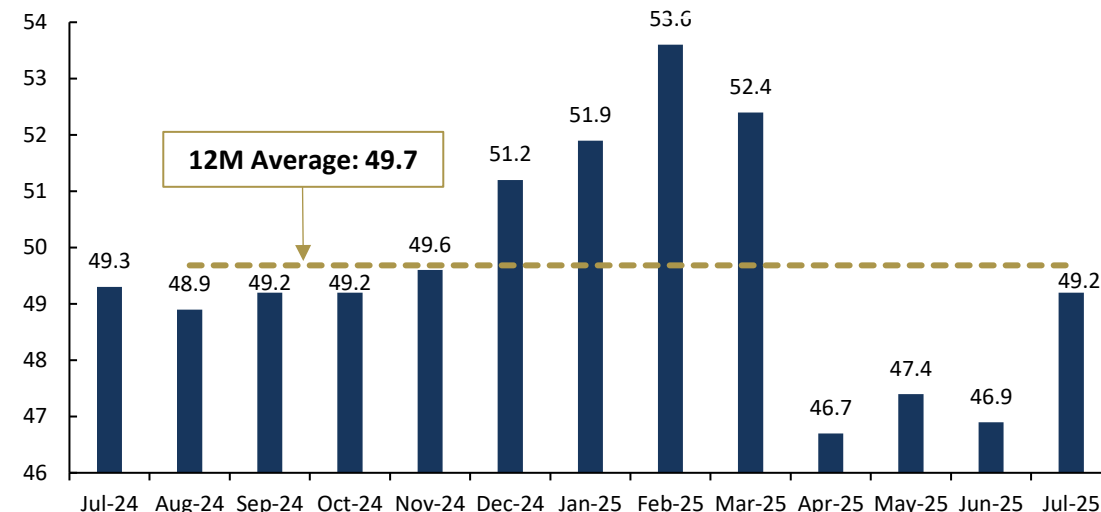


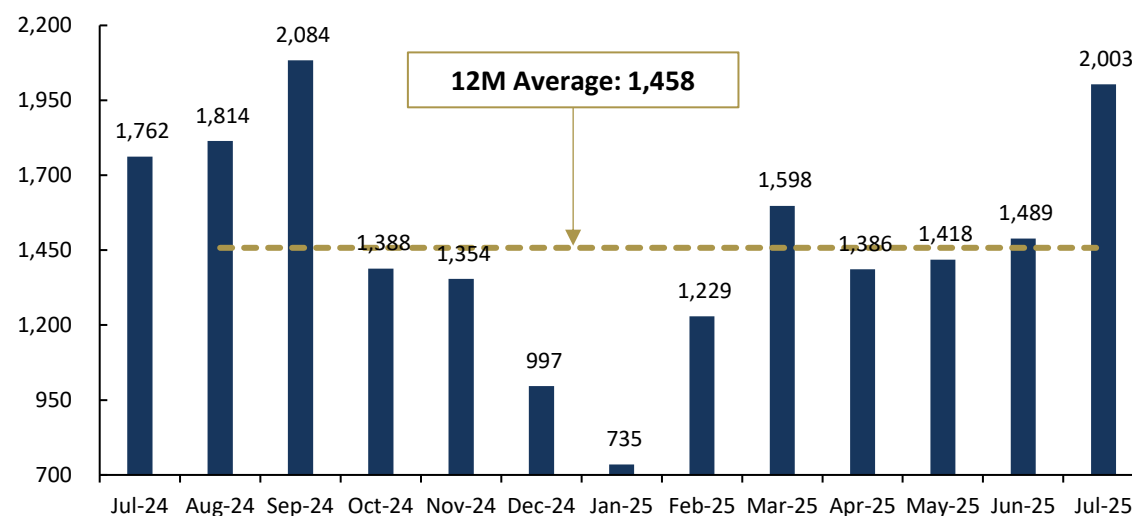
# Indonesia Manufacturing PMI: 1 August 2025

- While the reading remains in contraction territory (below 50), the S&P Global Indonesia Manufacturing PMI improved to 49.2 in July 2025 from June's 46.9, recording its highest level since March. The improvement signals some easing pressures in the manufacturing sector, suggesting potential stabilization moving forward. Despite still-negative conditions, the latest PMI points to diminishing downward momentum, as reflected by the mildest decrease in output in four months, helped by early stages of new projects implementation.
- However, broader economic dynamics highlight persistent challenges. The ongoing contraction in foreign demand, which resumed after briefly stabilizing, underscores vulnerability to global geopolitical developments, notably disruptions from the Iran-Israel conflict. These external shocks have aggravated supply-chain bottlenecks, lengthening delivery times and fueling input cost pressures. Additionally, currency volatility has contributed to rising input prices, leading manufacturers to book margin compression and lower corporate earnings. Underlying demand pressures remain subdued with consumer purchasing power a critical issue, as sentiment among manufacturers fell to record lows amid US tariffs, which could further dampen external competitiveness, potentially exacerbating Indonesia's already vulnerable trade position.
- In a broader macroeconomic context, the uptick in the PMI aligns with recent policy actions, including Bank Indonesia's accommodative stance via rate cuts intended to stimulate economic activity. Nonetheless, persistent concerns around inflation driven by input costs and currency volatility could temper further monetary easing efforts. Additionally, weak consumer confidence, reflected by lower purchasing power sentiment, suggests a continued slowdown in domestic consumption growth—Indonesia's main economic driver.
- Looking ahead, the manufacturing sector outlook remains cautiously optimistic but fragile. Recovery momentum will heavily depend on successful management of external trade pressures, stabilization of global commodity prices, and sustained domestic fiscal and monetary policy support. Effective navigation of geopolitical tensions and global economic uncertainties will remain crucial for restoring stronger manufacturing growth in quarters ahead.

## Indonesia Manufacturing PMI



## Baltic Dry Index



## China Caixin Manufacturing PMI

